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TO SECSTATE WASHDC 0129
INFO USIA WASHDC
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USIA FOR IEU/MCLAUGHLIN

E.O. 11652: N/A
TAGS: PINT, SOPN, PO
SUBJ: THE LONG-AWAITED GOP POLICY ON MEDIA PROBLEMS

SUMMARY: COMMUNICATIONS STATE SECRETARY MANUEL ALEGRE ON
FEB. 6 MADE A FAR-RANGING ANNOUNCEMENT OF GOVERNMENT
POLICY FOR THE CONTROVERSIAL MEDIA SECTOR. ALEGRE MADE
PUBLIC FIRST STEPS IN REDUCING STATE OWNERSHIP OF NEWS-
PAPERS; OTHER MOVES DESIGNED TO CURB HUGH MONTHLY
DEFICITS FOR THE STATE IN THE MEDIA AREA; AND HINTED AT
FUTURE GOP DECISIONS AFFECTING RADIO, TELEVISION AND
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THE STATE NEWS AGENCY. ANNOUNCED APPROACHES FELL
SHORT OF THE FIRM MEASURES TO CLOSE NEWSPAPERS AND DISMISS
UNNEEDED MEDIA WORKERS WHICH SOME OBSERVERS HAD BEEN
EXPECTING.

1. ACTION PLAN: ALEGRE IN A LENGTHY STATEMENT ON
NATIONAL TELEVISION FEB. 6 OUTLINED GOVERNMENT INTENTIONS

IN THE MEDIA AREA AND ANNOUNCED A NUMBER OF ACTIONS, MOST OF WHICH WILL HAVE TO BE CLARIFIED FURTHER, DESIGNED TO CURTAIL EXPENSES OF STATE-FINANCED NEWSPAPERS. HE ACCEPTED THE PRINCIPLE THAT THE HARD-PRESSED INDEPENDENT NEWSPAPERS DESERVE EQUAL GOVERNMENT SUPPORT WITH THE STATE-FINANCED PUBLISHING FIRMS. ALEGRE FURTHER INDICATED THAT, IN REDUCING THE STATE'S CURRENT U.S. \$2,000,000 MONTHLY DEFICIT IN SUPPORTING NEWSPAPERS, THE NUMBER OF PUBLICATIONS AND EMPLOYEES WOULD HAVE TO BE CUT AND OTHER ECONOMIES MADE.

2. THE NEWSPAPER PROBLEM: WHEN THE GOP NATIONALIZED BANKS IN MARCH 1975, IT AUTOMATICALLY ACQUIRED EIGHT FIRMS WHICH WERE FULLY OR PARTLY OWNED BY THE MAJOR PORTUGUESE BANKS. MANY PERIODICALS WERE RUNNING DEFICITS, WHICH THE BANKS HAD BEEN COVERING. THE GOP ASSUMED RESPONSIBILITY FOR THE LOSSES OF THOSE FIRMS, WHICH TOTALLED AN ESTIMATED 1,117,933,000 ESCUDOS (U.S. \$34,664,000) DURING 1975 AND 1976. (ESTIMATED TOTAL DEBT OF THE EIGHT COMPANIES NOW IS 2,088,864,000 ESCUDOS (ABOUT U.S. \$62 MILLION).

HALTING THE FLOW OF PUBLIC FUNDS INTO THESE PUBLICATIONS HAD BEEN A POLITICAL ISSUE OF SUCH SENSITIVITY THAT IT HAS GONE ESSENTIALLY UNTOUCHED UNTIL NOW. THE CONSTITUTIONAL GOVERNMENT HAS ONLY TAKEN STEPS TO REDUCE COMMUNIST INFLUENCE IN MANAGEMENT AND, IN SOME INSTANCES, TO INCREASE SOCIALIST PARTY INFLUENCE. IT CLOSED ONE NEWSPAPER, LISBON'S "JORNAL DO COMERCIO," ON FINANCIAL GROUNDS, ALTHOUGH THE FIRM THAT PUBLISHED THE PAPER HAS LIMITED OFFICIAL USE

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REMAINED IN THE PRINTING BUSINESS AND ITS WORKERS CONTINUE TO BE PAID.

3. THE FEB. 6 PROGRAM: ALEGRE SAID THE GOP SHOULD HELP STATE-OWNED AND INDEPENDENT NEWSPAPERS EQUALLY. HE LISTED A SERIES OF STEPS TO TRY TO CARRY OUT THAT POLICY, INCLUDING FREE POSTAGE FOR PERIODICALS (A MAJOR SUBSIDY IN ITSELF), LOWER NEWSPRINT COSTS FOR ALL, AND LOW TELEPHONE AND TELEX COSTS. HE SAID THAT A SPECIAL FUND TO ASSIST PUBLICATIONS WILL BE CREATED AND FINANCED BY TAXES YET TO BE DEFINED, ON ADVERTISING AND OTHER SERVICES. ACTIONS DESIGNED TO CUT GOP EXPENSES WHICH ALEGRE SPECIFIED INCLUDED PROHIBITING JOURNALISTS FROM EMPLOYMENT IN MORE THAN ONE JOURNALISTIC ENTERPRISE (WHICH NOW IS COMMON), EARLY RETIREMENT OF MEDIA STAFF MEMBERS (THIS COULD AMOUNT TO ONE-FOURTH OF THE TOTAL IN SOME COMPANIES), CUTTING OVERTIME, REDUCING NUMBERS OF PAGES IN PAPERS AND REDUCING PRINT-RUNS OF PAPERS SO THAT NEWSSTAND RETURNS -- SOMETIMES QUITE LARGE -- ARE CUT. OTHER

SPECIFIC MEASURES ALEGRE ANNOUNCED:

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-- CREATION OF A NEW STATE-OWNED NATIONAL DISTRIBUTION
AGENCY, TO HANDLE MORE EFFICIENTLY THE DISTRIBUTION
OF ALL STATE-FINANCED PUBLICATIONS. THE FIRM WOULD ALSO
BE PERMITTED TO DISTRIBUTE PRIVATELY PRODUCED NEWSPAPERS,
MAGAZINES AND BOOKS.

-- CLOSING OF LISBON DAILY "O SEculo" AND THREE MAGAZINES
PUBLISHED BY THE SAME FIRM FOR 90 DAYS, EFFECTIVE FEB. 13.
FIRM WOULD BE "RESTRUCTURED" AND PRESUMABLY SOME OR ALL
OF ITS PUBLICATIONS COULD REAPPEAR.

-- REDIVISION OF THE FUSED FIRM WHICH PUBLISHES " O SEculo"
AND LISBON AFTERNOON "DIARIO POPULAR."

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-- FULL RECOGNITION OF OPORTO'S "JORNAL DE NOTICIAS" AS A STATE-SUPPORTED NEWSPAPER AND ASSOCIATION OF "O CORREIO DE MINHO" OF BRAGA WITH THE "JORNAL DE NOTICIAS" COMPANY.

-- CREATION OF TWO STATE PRINTING FIRMS -- WHICH PRESUMABLY WILL PRINT ALL STATE-OWNED PUBLICATIONS -- ONE EACH IN LISBON AND OPORTO, BY JUNE 1977.

-- RESOLUTION OF FUTURE OF LISBON PAPERS "DIARIO DE NOTICIAS" AND "A CAPITAL" -- CURRENTLY JOINED INTO ONE FIRM FOR ADMINISTRATIVE PURPOSES -- DURING MONTHS OF FEBRUARY AND MARCH.

-- RELEASING TWO STATE-FINANCED NEWSPAPERS FROM GOP TUTELAGE. "O COMERCIO DO PORTO" APPARENTLY WOULD BECOME A PRIVATE OPERATION. "DIARIO DE LISBOA" WOULD BE "LEASED" TO THE WORKERS" AND STOCKHOLDERS.

3. OTHER MEDIA: ALEGRE BARELY TOUCHED ON THE PROBLEMS OF THE STATE NEWS AGENCY, ANOP, AND OF STATE-OWNED RADIO AND TELEVISION NETWORKS -- WHICH ARE LARGE, INEFFICIENT BUREAUCRACIES REplete WITH POLITICAL PROBLEMS. HE SAID NEW CODES FOR STATE RADIO AND TELEVISION WOULD BE PRESENTED SOON TO THE COUNCIL OF MINISTERS FOR SUBSEQUENT APPROVAL BY THE NATIONAL ASSEMBLY.

4. COMMENT ON ECONOMIC EFFECTS: ALEGRE'S STATEMENT COULD HAVE SIGNIFICANT RAMIFICATIONS IF THE MEASURES PROPOSED CAN BE IMPLEMENTED. UNFORTUNATELY, HE SPECIFIED TOO FEW CONCRETE MEASURES TO BACK UP THE PRINCIPLES INDICATED. ALTHOUGH HE STRESSED THAT THE MEDIA COMPANIES SHOULD BE ECONOMICALLY VIABLE AND ACKNOWLEDGED THAT EXCESS LABOR MUST BE ELIMINATED FROM THOSE FIRMS, HE ANNOUNCED NO CONCRETE DECISIONS FOR RESOLVING THESE PROBLEMS. NO PAPERS WERE CLOSED DEFINITELY, NO WORKERS DISMISSED AND, WITH ONE POSSIBLE EXCEPTION ("COMERCIO DO PORTO"), THE GOP WILL REMAIN FINANCIALLY RESPONSIBLE FOR ALL SEVEN STATE-CONTROLLED LIMITED OFFICIAL USE

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PAPERS. INDIVIDUALS WHO BECOME UNEMPLOYED AS A RESULT OF FORCE REDUCTIONS WOULD PRESUMABLY JOIN A "RESERVE CORPS" AND WOULD CONTINUE TO RECEIVE A SUBSTANTIAL PART OF THEIR SALARIES THOUGH PERFORMING NO FUNCTIONS, UNTIL PLACED IN ALTERNATIVE POSITIONS.

5. COMMENT ON POLITICAL IMPLICATIONS: THE ALEGRE PROGRAM WILL FAN CRITICISM, MUCH OF IT JUSTIFIED, THAT THE GOVERNMENT FAVORS PUBLICATIONS LIKE "DIARIO DE NOTICIAS" WHICH ALREADY HAVE A PRO-GOVERNMENT, PRO-SOCIALIST ORIENTATION. HE IS TAKING THE

MOST DRASTIC ACTION AGAINST "O SECULO," WHICH HAD BEEN ONE OF THE FEW STATE-FINANCED ORGANS WITH SOME MANAGEMENT INFLUENCE BY THE OPPOSITIONIST SOCIAL DEMOCRATS. LIKEWISE, HE IS SETTING ADRIFT OPORTO'S "O COMERCIO DO PORTO," A CENTER-RIGHT PAPER WHICH HAS BEEN CRITICAL OF THE GOVERNMENT. IT IS BY NO MEANS CLEAR WHETHER "O COMERCIO" CAN MAKE A GO OF IT FINANCIALLY.

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MEANWHILE, IT APPEARS THAT ALEGRE IS MOVING AHEAD ON A PLAN, DESCRIBED BY HIS DEPUTY RECENTLY TO EMBOFF, TO KEEP THE COUNTRY'S TWO WIDEST CIRCULATING PAPERS, "DIARIO DE NOTICIAS" IN LISBON AND "JORNAL DE NOTICIAS" IN OPORTO, IN GOVERNMENT HANDS. THE GOP PLANS TO ASSOCIATE REGIONAL PAPERS (AS THEY ARE DOING IN THE NORTH WITH "O CORREIO DE MINHO") WITH THOSE TWO MAJOR DAILIES, TO STRENGTHEN THEM AND CREATE A FAVORABLE OUTLET FOR PRO-GOVERNMENT APPROACHES. THESE STEPS WILL GENERATE

EVEN GREATER CYNICISM REGARDING THE GOVERNMENT'S INTENTIONS
IN THE MEDIA FIELD.
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6. IN SUM, WHAT HAD BEEN BILLED AS THE DEFINITIVE
MOVE TO RESOLVE ONE OF THE GOP'S THORNIEST
PROBLEMS SEEMS TO HAVE DISPERSED THE ISSUE WITH A
MINIMUM OF IMMEDIATE DECISIONS. BUT THE GOP IS AT LEAST
ADDRESSING THE ISSUE AND SOME PROGRESS IS BEING MADE.
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